

TPPA

Tuolumne Public Power Agency

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July 22, 2004

Ms. Debbie R. Dietz, Rates Manager
Sierra Nevada Customer Service Region
Western Area Power Administration
114 Parkshore Drive
Folsom, CA 95630-4710

RE: 2005 Proposed Rates Adjustment

Dear Ms. Dietz:

Following are Tuolumne Public Power Agency's comments on the proposed rates for 2005. Let us first express our appreciation for the difficult task you had in having to account for the various points of view. We believe you did a very good job of balancing the numerous interests represented by your customers while maintaining consistency with the 2004 Marketing Plan.

We share the concern expressed by the Trinity Public Utility District regarding the Formula for First Preference customers. In extreme drought years, when there would be little or no Base Resource revenue, First Preference customers would be paying for all of Western's repayment obligation to the Treasury. The recommendations made by Trinity, to first subtract the Repayment obligation from the Revenue Requirement and then charge a percentage of the Revenue Requirement to First Preference customers, seems to be the most appropriate solution.

We appreciate the opportunity to comment and thank you again for recognizing the special position of First Preference Customers established by Congressional mandates.

Sincerely,



Steve Boyack, Staff
Tuolumne Public Power Agency

Cc: Dominic Salluce, TPPA
Rick Coleman, TPUD
Dennis Dickman, CPPA